

EXHIBIT 9-H

SCENARIOS THAT GENERATE CHDO PROCEEDS

Rental projects

- Grantee is a CHDO, which used HOME funds to rehabilitate the facility. The CHDO owns the building. Rental income is considered operating income and not CHDO proceeds. The funds should be reinvested in the project, but there are no HOME requirements for the funds.
- Grantee is a CHDO, which used HOME funds to develop a newly constructed multi-family facility. Another entity owns the building. The owner makes loan repayments to the CHDO. The loan payments received by the CHDO are CHDO proceeds and must be reported as such.

Note: this scenario is typical for tax credit projects.

Homeownership projects

- Grantee is a CHDO, which will develop 10 single-family homes. The CHDO must use the resale option and has chosen to enter an equity sharing arrangement with the homeowner. After purchasing a home, the homeowner moves within the period of affordability. The equity share that the CHDO receives is CHDO proceeds.
- Grantee is a CHDO, which purchases 10 homes to rehabilitate and then sell to low-income families. The funds the CHDO receives from a low-income family through the sale of the home are considered CHDO proceeds because the CHDO owned the home.
- Grantee is a CHDO, which will provide down payment assistance and/or rehabilitate 25 owner-occupied homes. The CHDO lends funds to the homebuyer/owner. Any funds recouped through principal, interest, or equity share received by the CHDO is program income.

All Projects

- CHDO proceeds must be reported to the HOME Program quarterly, including how the funds were generated, and to which activity funds were used.
- CHDO proceeds must be used for HOME-eligible activities.
- The amount of CHDO proceeds that may be used for soft costs depends upon the type of HOME-eligible activity for which it is used: 8% NC/ACQ; 10% HB Assistance (CHDO must own property first); 12% Rehabilitation.